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# THE AGRICULTURAL SITUATION

## *A Brief Summary of Economic Conditions*

ISSUED MONTHLY BY THE BUREAU OF AGRICULTURAL ECONOMICS  
UNITED STATES DEPARTMENT OF AGRICULTURE

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### LOWER CROP PRICES—HIGHER LIVESTOCK

As harvest time approaches several of the principal crops give evidence of larger production than was expected earlier in the season. It will be remembered that spring planting was late and that grass and winter wheat started the season in very poor shape, but the rains of June and July greatly stimulated growth. Farmers generally have an ample stock of hay in their barns, though much of it was put in under bad weather conditions. At present, however, a large part of the West is beginning to suffer for lack of rain.

Wheat harvest is nearing its end. Threshing is going forward throughout the North. There has been a very heavy movement to market, though more recently the lower prices have disposed farmers to hold their wheat where they are able. Conditions have not been very encouraging in the wheat sections during the past month, the decline in prices having affected the incomes of thousands of growers. Considerable winter wheat went to the elevators last month at prices of from 75 to 85 cents a bushel to the growers. The land is being fitted now for the next crop and sowing is under way in Kansas. Complaints of dry soil are quite general. Reports from about 20,000 farmers, made as of August 1, indicate intentions to decrease the acreage of wheat this fall about 2 per cent below that sown last fall. Experience indicates that the acreage actually sown is usually about 6 per cent less than is intended on August 1. The chief reductions intended this fall are in the Corn Belt and Oklahoma and Texas. Montana and the Pacific Northwest indicate intentions to increase their wheat acreage.

The declining market for wheat has been shared also by corn and potatoes. In the case of corn the lowered price to the grower of cash corn is offset, in part, by the gain to the livestock feeder. Potatoes, however, are sold directly out of the agricultural community and a price of 25 or 30 cents a bushel represents serious hardship to some of the large potato growing sections.

A brighter side of the picture is presented by the livestock industries. Beef-cattle producers are once again in strong position after all their hard times. Hogs are apparently on the upswing of a price cycle. The dairy industry is in relatively good shape, with market milk prices at about the highest level since 1920, with feed prices easing off, and with cows at very high values. Even the sheep industry is still doing well in spite of all its expansion. The widespread tendency now to raise more young stock is evidence of the relative prosperity of the animal industries.

The general index of purchasing power of farm products, in terms of things that farmers buy, remained at 93 during July, the five pre-war years being considered as 100. This is close to the highest point reached since 1920.

## KEY REGIONS AT A GLANCE

**The East.**—Finally finished haying and oat harvest after a wet, difficult season. Hay crop turned out much better than expected, but quality in many localities was lowered by rains. Oats generally good. Corn is a spotted crop but will fill the silos in most cases. Fruit not up to expectations, although generally better crop than last year. Potato sections discouraged at low prices. Dairy industry in good shape with milk prices advancing and feed declining.

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**The South.**—Cotton shows very varied conditions. Picking and ginning under way in Gulf territory. Too much rain in parts of the east; crops damaged last month by heavy storms. Conditions in eastern sections favorable for boll weevil. Many western sections still need rain, as in southern Texas and southwestern Oklahoma, whereas cotton in northern Texas and northern Oklahoma is reported as doing very well. General complaints of shedding. Crops other than cotton also show wide variations in condition, from drought to flood areas, but in general have made about normal progress.

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**Corn Belt.**—Haying over, small grains mostly threshed and farmers have been doing considerable fall plowing, the latter with frequent complaints of dry, hard soil. Corn beginning to harden up but suffered last month for lack of rain in the Ohio Valley and in portions of the western belt as well. Crop looks good in Iowa and northern Illinois. Grain growers do not like the trend of corn and wheat prices but livestock raisers generally are more optimistic. However, the high prices of feeder cattle will add to the difficulties of feeders in many instances.

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**Wheat Belt.**—Winter-wheat region busy fitting land for new crop. Many complaints of soil too dry. Sowing is under way in Kansas and southward. Reports as of August 1 indicated intentions to decrease acreage of wheat this fall about 2 per cent below that sown last fall, particularly in Texas and Oklahoma. Threshing of spring wheat going forward in the north. (The Canadian harvest is in full swing now, also.) Yields of wheat generally fairly satisfactory but the trend of prices has been discouraging.

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**Range Country.**—Becoming very dry over much of the territory from New Mexico northward. Frequent reports of water growing scarce and of fire hazard. Range curing early under these conditions, favoring early shippers. Livestock generally reported in good condition so far. Region busy finishing haying and grain harvest and beginning fall movement of stock. General sentiment optimistic.

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**Pacific Coast.**—Continues very dry in the north with nonirrigated crops suffering. Harvest of grain and early fruit well along, under favorable conditions. California harvesting sugar beets, grapes, cotton, and truck. Prospect for nut and late fruit crops generally good.



## THE TREND OF CROP PRODUCTION

	1913 produc- tion	5-year average 1923-1927 produc- tion	1927 produc- tion	1928 Aug. 1 forecast
	<i>Millions</i>	<i>Millions</i>	<i>Millions</i>	<i>Millions</i>
Winter wheat.....bushels..	523	556	553	579
Spring wheat.....do.....	240	252	319	312
All wheat.....do.....	763	807	873	891
Corn.....do.....	2, 447	2, 776	2, 774	3, 030
Oats.....do.....	1, 122	1, 352	1, 184	1, 442
Barley.....do.....		192	264	344
Buckwheat.....do.....	14	14	16	15
Flaxseed.....do.....	18	20	27	25
Potatoes, white.....do.....	332	394	407	460
Sweet potatoes.....do.....	59	81	94	81
Tobacco.....pounds.....	954	1, 338	1, 211	1, 358
Peanuts.....do.....		671	807	847
Rice.....bushels.....	25. 7	36	40. 1	36. 1
Hay, all.....tons.....	64	91	107	89
Apples, total.....bushels.....	145	199	123	179
Apples, commercial.....barrels.....		34	26	33
Peaches.....bushels.....		54	46	68
Sugar beets.....tons.....		7. 4	7. 8	6. 7
Beans dry.....bushels.....		16	17	17
Grain sorghums.....do.....		115	138	153

The 1928 wheat crop of the United States demonstrated a remarkable ability to overcome a poor start and produce a large crop. Winterkilling of fall-sown wheat was above average and the May 1 condition about 10 points below average. June 1 condition was about 5 points below average. By July, condition was only 2.5 points below average and, by August 1, yield per acre was 6 per cent above average.

Spring wheat on July 1 was much below average condition but on August 1 was much above average condition.

The combined production of winter and spring wheat indicated, as of August 1, is 891,000,000 bushels, compared with 800,000,000 on July 1, 873,000,000 harvested in 1927, and a five-year average of 808,000,000.

Each principal class of wheat—winter, durum, and other spring—now indicates a production greater than average.

Severe hailstorms have occurred in Montana since August 1, the date to which this report relates, which, it is estimated, have reduced the crop in that State in excess of a million bushels.

The reported condition of corn advanced from 78.1 per cent to 83.3 per cent from July 1 to August 1, indicating an 11 per cent increase in the production outlook. The crop is forecast as 3,030,000,000 bushels, compared with 2,736,000,000 bushels forecast a month ago, an increase of 294,000,000 bushels. The indicated production of corn shows a 9 per cent increase over last year's final production estimate of 2,774,000,000 bushels.

Ordinarily, a decrease of about 3 points in condition takes place during July. The 10-year average condition for August 1 is 79.5 per cent, compared with 82.6 per cent for July 1. The advance of nearly 5.2 points shown during July of this year is greater than for any year since 1872.

## AVERAGE PRICES OF FARM PRODUCTS RECEIVED BY PRODUCERS

Actual prices received by producers at local farm markets as reported to the division of crop and livestock estimates of this bureau. Average of reports covering the United States, weighted according to relative importance of district and State.

	5-year average, August, 1909- July, 1914	July average, 1910- 1914	July, 1927	June, 1928	July, 1928
Cotton, per lb.....cents..	12. 4	12. 7	15. 5	19. 7	21. 0
Corn, per bu.....do.....	64. 2	70. 1	92. 4	102. 2	102. 4
Wheat, per bu.....do.....	88. 4	86. 2	127. 3	132. 0	118. 1
Hay, per ton.....dollars..	11. 87	11. 78	11. 71	11. 01	10. 86
Potatoes, per bu.....cents..	69. 7	81. 5	183. 1	83. 6	77. 9
Oats, per bu.....do.....	39. 9	40. 9	46. 3	61. 4	56. 2
Beef cattle, per 100 lbs..dollars..	5. 22	5. 33	7. 13	9. 10	9. 19
Hogs, per 100 lbs.....do.....	7. 23	7. 25	8. 58	8. 70	9. 64
Eggs, per doz.....cents..	21. 5	16. 9	20. 7	23. 9	25. 6
Butter, per lb.....do.....	25. 5	23. 3	40. 3	42. 2	42. 4
Butterfat, per lb.....do.....			40. 3	43. 5	43. 3
Wool, per lb.....do.....	17. 7	17. 5	30. 8	38. 7	37. 6
Veal calves, per 100 lbs..dollars..	6. 75	6. 74	9. 82	11. 56	11. 87
Lambs, per 100 lbs.....do.....	5. 91	6. 09	11. 44	13. 18	12. 25
Horses, each.....do.....	142. 00	142. 00	80. 00	86. 00	85. 00

The farm price of hogs made a sharp advance of approximately 11 per cent from June 15 to July 15. Receipts of hogs at seven principal markets were about 9 per cent smaller for the week ending July 14 than for a similar period ending June 16. Storage stocks of pork on July 1 were slightly less than on June 1. In addition, the June pig survey showed a reduction of 7 per cent in the number of pigs saved this past spring compared with the spring crop of 1927, and indications point to a decrease in the fall pig crop of this year from that of last year. All of these factors have favored the upswing in the farm price of hogs since June 15. The corn-hog ratio advanced 0.9 points from June 15 to July 15.

The farm price of corn again failed to make the usual seasonal advance, the average price paid producers having remained at practically the same level since May 15. Prospects for the 1928 crop have undoubtedly offset the price-strengthening effect of the still active feeding demand and rapid disappearance of visible stocks.

The farm price of wheat continued the decline from the year's top prices in May during the period from June 15 to July 15. The farm price was approximately 11 per cent lower on July 15 than for the same date a month previous. The decrease in the farm price has been accompanied by improved prospects for the 1928 wheat crop and Canadian reports, indicating acreage increases and conditions better than at this time last year. The world's stocks of old wheat on July 1 were slightly larger than a year ago. The movement of the new crop to market has also had a depressing effect on the farm price.

The farm price of potatoes showed a further decline of about 7 per cent from June 15 to July 15. There was a continued heavy movement of the 1928 crop from the second early States.

## PRICE INDEXES FOR JULY, 1928

Farm products figures from this bureau; commodity groups from Bureau of Labor Statistics (latter shown to nearest whole number). Shows year ago and latest available month.

## FARM PRODUCTS

[Prices at the farm; August, 1909–July, 1914=100]

	July, 1927	June, 1928	July, 1928	Month's trend
Cotton.....	125	159	169	Higher.
Corn.....	144	159	160	Do.
Wheat.....	144	149	134	Lower.
Hay.....	99	93	91	Do.
Potatoes.....	263	120	112	Do.
Beef cattle.....	137	175	177	Higher.
Hogs.....	119	120	133	Do.
Eggs.....	96	111	119	Do.
Butter.....	158	165	166	Do.
Wool.....	172	217	211	Lower.

## COMMODITY GROUPS

[Wholesale prices; 1926=100]

	July, 1927	June, 1928	July, 1928	Month's trend
Farm products.....	98	107	107	Unchanged.
Foods.....	94	100	102	Higher.
Hides and leather products.....	112	124	124	Unchanged.
Textile products.....	94	96	97	Higher.
Fuel and lighting.....	84	82	83	Do.
Metals and metal products.....	98	99	99	Unchanged.
Building materials.....	94	94	94	Do.
Chemicals and drugs.....	95	95	94	Lower.
House-furnishing goods.....	98	97	97	Unchanged.
All commodities.....	94	98	98	Do.



## GENERAL TREND OF PRICES AND WAGES

[1910-1914=100]

Year and month	Whole-sale prices of all commodities <sup>1</sup>	Industrial wages <sup>2</sup>	Prices paid by farmers for commodities used in—			Farm wages	Taxes <sup>3</sup>
			Living	Pro-duction	Living production		
1910.....	103	-----	98	98	98	97	-----
1911.....	95	-----	100	103	101	97	-----
1912.....	101	-----	101	98	100	101	-----
1913.....	102	-----	100	102	100	104	-----
1914.....	100	-----	102	99	101	101	100
1915.....	103	101	107	103	106	102	102
1916.....	129	114	125	121	123	112	104
1917.....	180	129	148	152	150	140	106
1918.....	198	160	180	176	178	176	118
1919.....	210	185	214	192	205	206	130
1920.....	230	222	227	175	206	239	155
1921.....	150	203	165	142	156	150	217
1922.....	152	197	160	140	152	146	232
1923.....	156	214	161	142	153	166	246
1924.....	152	218	162	143	154	166	249
1925.....	162	223	165	149	159	168	250
1926.....	154	229	164	144	156	171	253
1927.....	149	231	161	144	154	170	-----
1927							
January.....	150	232	-----	-----	-----	162	-----
February.....	149	231	-----	-----	-----	-----	-----
March.....	148	234	161	143	154	-----	-----
April.....	147	230	-----	-----	-----	166	-----
May.....	147	230	-----	-----	-----	-----	-----
June.....	146	230	161	145	155	-----	-----
July.....	147	228	-----	-----	-----	172	-----
August.....	149	231	-----	-----	-----	-----	-----
September.....	152	233	161	145	154	-----	-----
October.....	153	231	-----	-----	-----	175	-----
November.....	152	226	-----	-----	-----	-----	-----
December.....	152	233	161	142	153	-----	-----
1928							
January.....	151	230	-----	-----	-----	161	-----
February.....	151	230	-----	-----	-----	-----	-----
March.....	150	233	162	145	155	-----	-----
April.....	152	227	-----	-----	-----	166	-----
May.....	154	230	-----	-----	-----	-----	-----
June.....	153	232	162	148	156	-----	-----
July.....	154	229	-----	-----	-----	170	-----

<sup>1</sup> Bureau of Labor Statistics. Index for 1928 obtained by multiplying new series by 156.6.

<sup>2</sup> Average weekly earnings, New York State factories. June, 1914=100.

<sup>3</sup> Index of estimate of total taxes paid on all farm property. 1914=100.



## GENERAL TREND OF PRICES AND PURCHASING POWER

[On 5-year base; August, 1909–July, 1914=100]

Year and month	Index numbers of farm prices							Prices paid by farmers for commodities bought <sup>1</sup>	Ratio of prices received to prices paid
	Grains	Fruits and vegetables	Meat animals	Dairy products	Poultry products	Cotton and cotton-seed	All groups, 30 items		
1910-----	104	91	103	100	104	113	103	98	106
1911-----	96	106	87	97	91	101	95	101	93
1912-----	106	110	95	103	101	87	99	100	99
1913-----	92	92	108	100	101	97	100	100	99
1914-----	103	100	112	100	105	85	102	101	101
1915-----	120	83	104	98	103	78	100	106	95
1916-----	126	123	120	102	116	119	117	123	95
1917-----	217	202	173	125	157	187	176	150	118
1918-----	226	162	202	152	185	245	200	178	112
1919-----	231	189	206	173	206	247	209	205	102
1920-----	231	249	173	188	222	248	205	206	99
1921-----	112	148	108	148	161	101	116	156	75
1922-----	105	152	113	134	139	156	124	152	81
1923-----	114	136	106	148	145	216	135	153	88
1924-----	129	124	109	134	147	211	134	154	87
1925-----	156	160	139	137	161	177	147	159	92
1926-----	129	189	146	136	156	122	136	156	87
1927-----	128	155	139	138	141	128	131	154	85
July—									
1923--	112	165	105	139	116	199	130	155	84
1924--	130	142	103	123	121	215	132	153	86
1925--	152	178	148	131	141	186	149	160	93
1926--	125	195	152	129	137	126	136	(157)	87
1927--	139	195	131	130	112	125	130	(155)	84
1928									
January---	125	144	138	145	177	152	137	(154)	89
February--	128	153	139	145	144	141	135	(154)	87
March-----	136	174	139	142	122	147	137	155	89
April-----	144	179	142	139	121	154	140	(155)	90
May-----	160	181	151	136	128	166	148	(156)	95
June-----	152	168	150	134	127	162	145	156	93
July-----	142	156	157	134	134	170	145	<sup>2</sup> 156	<sup>2</sup> 93

<sup>1</sup> These index numbers are based on retail prices paid by farmers for commodities used in living and production (see p. 6) reported quarterly for March, June, September, and December. The indexes for other months are straight interpolations between the successive quarterly indexes.

<sup>2</sup> Preliminary.

## THE TREND OF MOVEMENT TO MARKET

Figures show wheat, corn, hogs, cattle, sheep receipts at primary markets; butter receipts at five markets, compiled by this bureau.

Year and month	Receipts					
	Wheat	Corn	Hogs	Cattle	Sheep	Butter
Total—	<i>1,000 bushels</i>	<i>1,000 bushels</i>	<i>1,000</i>	<i>1,000</i>	<i>1,000</i>	<i>1,000 pounds</i>
1920-----	332, 314	210, 332	42, 121	22, 197	23, 538	402, 755
1921-----	435, 606	340, 908	41, 101	19, 787	24, 168	468, 150
1922-----	413, 106	378, 598	44, 068	23, 218	22, 364	526, 714
1923-----	386, 430	271, 858	55, 330	23, 211	22, 025	545, 380
1924-----	482, 007	278, 719	55, 414	23, 695	22, 201	587, 477
1925-----	346, 381	223, 604	43, 929	24, 067	22, 100	574, 489
1926-----	362, 876	234, 873	39, 772	23, 872	23, 868	572, 935
1927-----	455, 991	241, 245	41, 411	22, 763	23, 935	581, 592
July—						
1920-----	27, 728	19, 735	2, 811	1, 671	2, 034	58, 871
1921-----	59, 700	17, 949	2, 727	1, 343	1, 776	50, 865
1922-----	41, 019	22, 475	2, 980	1, 710	1, 677	64, 938
1923-----	36, 435	18, 515	4, 181	1, 903	1, 661	63, 694
1924-----	39, 911	18, 453	4, 091	1, 798	1, 672	77, 706
1925-----	37, 919	9, 662	2, 798	1, 970	1, 699	69, 970
1926-----	68, 200	13, 353	2, 854	1, 820	1, 739	68, 393
1927-----	52, 996	14, 724	3, 046	1, 547	1, 676	67, 282
1927						
August-----	78, 909	17, 023	3, 041	2, 065	2, 209	57, 446
September-----	79, 962	21, 259	2, 565	1, 988	2, 848	42, 234
October-----	71, 696	19, 132	3, 039	2, 635	3, 587	38, 301
November-----	42, 394	15, 924	3, 666	2, 346	1, 896	33, 607
December-----	23, 903	36, 777	4, 209	1, 691	1, 609	33, 687
1928						
January-----	22, 313	37, 116	5, 306	1, 771	1, 705	42, 271
February-----	21, 403	44, 453	5, 267	1, 516	1, 669	41, 140
March-----	24, 639	39, 520	4, 639	1, 465	1, 520	45, 748
April-----	17, 483	19, 724	3, 483	1, 684	1, 591	44, 721
May-----	24, 718	23, 289	3, 723	1, 799	1, 952	54, 427
June-----	13, 883	18, 345	3, 548	1, 558	1, 913	69, 650
July-----	64, 846	24, 535	2, 924	1, 650	1, 898	65, 145

The July movement of wheat to market was considerably heavier than last year, and the same was true of corn. Shipments of hogs and cattle were not materially different from a year ago, but the sheep and lamb movement was heavier. Butter receipts were slightly smaller.

## THE TREND OF EXPORT MOVEMENT

Compiled from the Department of Commerce reports by division of statistical research of this bureau.

Year and month	Wheat, <sup>1</sup> includ- ing flour	To- bacco (leaf)	Bacon, <sup>2</sup> hams, and shoul- ders	Lard	Total meats <sup>3</sup>	Cotton, run- ning bales <sup>4</sup>
	<i>1,000 bushels</i>	<i>1,000 pounds</i>	<i>1,000 pounds</i>	<i>1,000 pounds</i>	<i>1,000 pounds</i>	<i>1,000 bales</i>
Total—						
1920-----	311, 601	467, 662	821, 922	612, 250	1, 043, 500	6, 111
1921-----	359, 021	515, 353	647, 680	868, 942	786, 280	6, 385
1922-----	235, 307	430, 908	631, 452	766, 950	733, 832	6, 015
1923-----	175, 190	474, 500	828, 890	1, 035, 382	958, 472	5, 224
1924-----	241, 454	546, 555	637, 980	944, 095	729, 832	6, 653
1925-----	138, 784	468, 471	467, 459	688, 829	547, 361	8, 362
1926-----	193, 861	478, 769	351, 591	698, 971	428, 613	8, 916
1927-----	222, 792	506, 751	237, 798	681, 303	302, 936	9, 198
July—						
1920-----	35, 136	42, 067	39, 908	47, 061	57, 971	208
1921-----	30, 661	53, 156	75, 958	83, 329	90, 838	595
1922-----	19, 308	32, 319	59, 252	66, 058	67, 886	364
1923-----	12, 999	44, 105	64, 264	69, 478	74, 127	168
1924-----	7, 758	32, 521	53, 769	86, 788	60, 275	203
1925-----	8, 944	39, 037	35, 472	49, 414	40, 990	198
1926-----	19, 811	29, 760	22, 457	45, 873	28, 221	356
1927-----	12, 100	28, 229	24, 040	46, 972	30, 043	372
1927						
August-----	28, 347	27, 817	16, 841	50, 816	23, 123	322
September-----	39, 765	38, 394	23, 952	59, 736	30, 213	620
October-----	36, 347	47, 044	16, 322	50, 355	21, 418	1, 113
November-----	26, 961	54, 307	13, 744	49, 636	17, 982	984
December-----	12, 211	47, 644	19, 947	62, 855	24, 453	745
1928						
January-----	11, 809	42, 600	22, 212	70, 660	27, 102	712
February-----	6, 725	41, 355	22, 175	79, 872	27, 850	614
March-----	7, 492	45, 957	28, 016	79, 929	34, 666	596
April-----	7, 880	41, 218	22, 074	56, 554	28, 607	467
May-----	8, 793	38, 726	21, 711	55, 540	28, 148	578
June-----	8, 230	30, 278	23, 850	53, 436	29, 014	444
July-----	7, 193	19, 417	25, 851	52, 940	31, 268	331

<sup>1</sup> Wheat flour is converted on a basis of 4.7 bushels of grain equal 1 barrel of flour.

<sup>2</sup> Includes Cumberland and Wiltshire sides.

<sup>3</sup> Includes fresh, canned, and pickled beef; bacon, hams, and shoulders; fresh, canned, and pickled pork; fresh mutton and lamb.

<sup>4</sup> Excludes linters.



## COLD-STORAGE CONDITION

[August 1 holdings (shows nearest million; i. e., 000,000 omitted)]

Commodity	5-year average	Year ago	Month ago	Aug. 1, 1928
Creamery butter-----pounds--	124	145	70	120
American cheese-----do-----	66	67	54	73
Case eggs-----cases--	<sup>1</sup> 10, 078	<sup>1</sup> 10, 746	<sup>1</sup> 10, 002	<sup>1</sup> 10, 489
Total poultry-----pounds--	41	42	38	40
Total beef-----do-----	45	36	32	32
Total pork-----do-----	766	841	915	819
Lard-----do-----	154	179	214	205
Lamb and mutton-----do-----	2	1	2	2
Total meats-----do-----	879	945	1, 013	917

<sup>1</sup> 3 figures omitted.

Cold-storage stocks of creamery butter were increased during July by 50,577,000 pounds, as compared with an increase for the same month a year ago of 55,151,000 pounds. The average increase for the past five years for this period has been 48,747,000. Stocks on August 1 were approximately 25,000,000 pounds less than a year ago, and about 4,000,000 less than the five-year average.

Stocks of American cheese were increased by slightly over 19,000,000 pounds which made them nearly 6,000,000 heavier than last year on the same date and 7,000,000 greater than the five-year average.

August 1 holdings of case eggs were 257,000 cases only, less than a year ago; the in-movement during July being 487,000 cases compared with 181,000 during July, 1927.

Stocks of frozen eggs showed a big increase during the month; the movement into storage being 3,862,000 pounds. This compares with an increase a year ago of 155,000 pounds.

Frozen poultry stocks seem to have reached the low point on July 1 rather than September as has been the case in the past, as there was a slight increase during the month. The increase which was a little over 2,000,000 pounds places holdings at about 2,000,000 less than a year ago and a million pounds less than the five-year average.

There was a slight increase, less than a quarter of a million pounds, in holdings of frozen and cured beef. Stocks were still very much below the average for this date.

The out-movement of frozen and cured pork was unusually heavy. There were 96,000,000 pounds removed from storage during July. This compared with 3,000,000 a year ago. Stocks are now about 22,000,000 pounds less than a year ago, but over 50,000,000 above the five-year average.

Total stocks of meats were reduced by 96,562,000 pounds.

Lard holdings were cut down by 9,190,000 pounds, which still leaves unusually heavy stocks on hand. The surplus over last year on August 1 was 26,153,000 pounds and slightly over 50,000,000 more than the five-year average.

The situation with regard to creamery butter, eggs, and poultry apparently leaves holders of these commodities in a good position. The situation with regard to meats and lard apparently shows some improvement over last month, due to heavy reductions in stocks.

WM. BROXTON,  
*Cold-Storage Report Section, B. A. E.*



## GENERAL BUSINESS INDICATORS RELATED TO AGRICULTURE

	July, 1927	June, 1928	July, 1928	Month's trend
PRODUCTION				
Pig iron, daily (thousand tons)--	95	103	99	Decreased.
Bituminous coal (million tons)--	34	36	36	Unchanged.
Steel ingots (thousand long tons).	3,204	3,743	3,812	Increase.
CONSUMPTION				
Cotton, by mills (thousand bales).	570	511	439	Decrease.
Unfilled orders, Steel Corporation (thousand tons).	3,142	3,637	3,571	Do.
Building contracts in 27 North-eastern States (million dollars).	470	573	511	Do.
Hogs, slaughtered (thousands)--	1,939	2,269	1,719	Do.
Cattle slaughtered (thousands)--	971	963	1,013	Increase.
Sheep slaughtered (thousands)--	920	1,020	1,068	Do.
MOVEMENTS				
Bank clearings (New York) (billion dollars).	25	35	28	Decrease.
Car loadings (thousands)-----	3,914	4,923	3,943	Do.
Mail-order sales (million dollars).	33	45	36	Do.
Employees, New York State factories (thousands).	471	455	451	Do.
Average price 25 industrial stocks (dollars).	222	253	258	Increase.
Interest rate (4-6 months' paper, New York) (per cent).	4.25	4.88	5.13	Do.
Retail food price index (Department of Labor). <sup>1</sup>	153	153	153	Unchanged.
Wholesale price index (Department of Labor). <sup>2</sup>	94	98	98	Do.

<sup>1</sup> 1913=100.<sup>2</sup> 1926=100.

## SUMMARY OF DAIRY STATISTICS

[Million pounds, 000,000 omitted]

## PRODUCTION

	July			January to July, inclusive		
	1928	1927	Per cent change	1928	1927	Per cent change
Creamery butter.....	167	170	- 1. 6	932	959	- 2. 8
Farm butter.....	69	70	- 1. 5	363	369	- 1. 3
Total butter.....	237	240	- 1. 5	1, 296	1, 328	- 2. 3
Cheese.....	48	48	+ 0. 4	255	253	+ 1. 0
Condensed and evapo- rated milk.....	171	200	- 14. 5	1, 232	1, 275	- 3. 4
Total milk equivalent...	5, 887	6, 037	- 2. 5	32, 857	33, 609	- 2. 2

## APPARENT CONSUMPTION

[Including production, changes in stocks, and net imports or exports]

Butter.....	186	185	+ 0. 3	1, 223	1, 221	+ 0. 1
Cheese.....	32	34	- 5. 3	270	281	- 4. 0
Condensed and evapo- rated milk.....	174	144	+ 21. 2	1, 103	1, 034	+ 6. 7
Total milk equivalent..	4, 668	4, 596	+ 1. 6	31, 147	31, 051	+ 0. 3

T. R. PIRTLE,

*Division of Dairy and Poultry Products, B. A. E.*

## THE DAIRY SITUATION

There has been no important change in the dairy market situation during August. Price, production, and storage trends have tended toward a rather normal course. For this reason the general dairy situation may be said to continue in a fairly strong position. It is encouraging to note that demand for consumption has been sustained very well in relation to last year in face of prices averaging several cents higher throughout. At this time the interest on the market centers around the prospects for fall production and the outlook for the demand for storage butter.

Butter prices continue to follow a normal course, as they have most of this year. As mentioned last month, butter prices usually start on a slight upward trend with the passing of July. This August has been no exception. It will be remembered, however, that while the

general trend of prices this year has been very much of a normal one, this year prices have been considerably above 1927 since the early part of May. If the usual course of prices continues to be followed, a general rising trend through the fall months may be expected. As to whether or not the present margin over last year will be maintained will be a very different matter.

The decrease in dairy production, a feature of the situation from almost the beginning of 1928, is the largest single factor in the developments described, although recent reports indicate some tendency for this year to catch up to last. July butter production was estimated as 1.6 per cent lighter than July, 1927, July cheese production was practically on a par with the previous year, and condensed and evaporated milk showed more than 14 per cent reduction from the previous July. This indicates a reduction in the amount of milk used for manufacturing purposes. Up to the end of July this decrease is estimated at something more than 2 per cent. While no definite information is available during August such things as receipts on the markets, receipts at Wisconsin warehouses, and reports from the larger manufacturing associations indicate that the decrease from last year in August may not be as great as in previous months. Cheese production, in fact, now seems to be definitely above last year.

Reserve stocks of dairy products are a very important factor on the markets at this season. Shortages or surpluses are of much influence in determining current market trends. Observation of butter stocks indicates a continuance of the heavy shortage from last year. On August 1 this shortage was about 25,000,000 pounds, an increase of 5,000,000 from a month earlier. This shortage indicates that unless fall production should be of sufficient volume to make up some of the difference, domestic supplies may not be great enough for the usual demand. This does not necessarily point to importations, although this possibility is being discussed in butter market circles. Cheese storage stocks on August 1 were some 5,000,000 pounds greater than August 1, 1927. This represents an increase in surplus from July, a reflection of heavy storage activity. It is entirely possible that the fact that prices have not shown the usual seasonal advances may be due to the building up of this surplus, or it may be that both were caused by some other factor. Condensed and evaporated milk stocks in the hands of manufacturers August 1 showed a reduction of some 12,000,000 pounds from July. This is an unusual development for the season, and has occurred only once before since 1920. This is probably a reflection of the reduction in production for July, but is not as significant as such a change would be in a product that is not subject to as close control of production trends. It is noteworthy also, in commenting on the concentrated-milk markets, that unsold stocks of condensed and evaporated are about 29 per cent lighter than last year.

All of these things, the shortage in butter stocks, the decreases in condensed and evaporated milk holdings, the moderate surplus of cheese, and the general decreases in production, point toward a strong market situation. To the extent that consumer demand is maintained on present levels, and barring radical changes in production, it can be safely said that the firm condition is expected to continue through the fall season.

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*Division of Dairy and Poultry Products, B. A. E.*



## THE EGG-MARKET SITUATION

Those interested in the egg markets, at the close of August, are not concerning themselves so much with the immediate situation as with the look ahead to the completion of the storage deal, and the developments in production when the new crop of pullets will begin to lay.

We have now reached a period of the year that is something of an "in-between" season. The heavy production season for 1928 is several months in the past. Storage accumulations have reached their peak. It is too early for the appearance of egg production from the new crop of pullets. It is too early for much activity in the movement of storage eggs.

The current situation is one of firmness on high-grade eggs, and steadiness, shading toward weakness, on the lower qualities. Receipts in general have been ample for demands, and for the most part have come in quantities heavier than at this time last year, in spite of the very evident seasonal shrinkage in arrivals. Quality has not been so satisfactory, however, and supplies of the better grades have met with active sale at prices averaging higher than for equivalent grades last year. It appears that the hot weather which prevailed over a large part of the country for a number of weeks can still be held responsible for lack of better quality in market arrivals.

It was to be expected that with a large, if not somewhat more than normal, proportion of receipts showing defects the medium and lower grades of eggs should be in some accumulation and meet with relative lagging of demand. For the most part, it may be said, consumer demand for eggs has been quite well maintained, especially in view of the fact that prices have been consistently well above last year's level.

The storage situation has undergone considerable change during the past several months, and where it formerly was not looked on with disfavor it is now causing considerable nervousness among a large part of the trade. Into-storage prices, throughout the storage period, were well above those of 1927. On May 1 storage stocks were 1,004,000 cases lighter than a year previous. By June 1 this shortage had been reduced to 800,000, by July 1 to 567,000, by August 1 to 257,000, and now by the end of August it appears that the relative shortage has been entirely wiped out if the storage information already available may be taken as indicative of the entire country. Out-of-storage movement has already begun in a small way, but thus far much lighter than a year ago at this time, and it is this that has been important in the disappearance of the shortage. The lighter early movement of storage eggs is thought to be largely the result of the heavier arrivals of fresh goods, which have automatically restricted the outlets for storage goods. Holdings of frozen eggs are about the same as last year and are not considered of primary importance as affecting the shell egg market.

The prospects for the fall lay depend largely upon the size and time of hatching of the current year's pullet crop. About this point there is only meager information. Reports seem to indicate, however, that the early hatch was light, but that the late hatch was sufficiently larger than usual to make up the difference. If these reports mean anything, it is that the early pullet lay will be small unless supplemented by unusually rapid development of the later hatch.

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*Division of Dairy and Poultry Products, B. A. E.*



### THE WHEAT-MARKET SITUATION

The weak situation and relatively low prices prevailing in the domestic wheat market early in the new 1928 crop season are principally the result of the large carry-over of old grain and prospects of an increased harvest in the Northern Hemisphere compared with last year. The movement of new winter wheat has been heavy, but export demand has been limited and prices of most classes of wheat have declined to the lowest point since the 1924 harvest. European buyers have been supplying their current needs principally from purchases of old-crop grain from Canada and the Southern Hemisphere and from stocks afloat, according to trade reports, and were apparently awaiting more definite information relative to the season's supply and are not accumulating stocks.

Supplies of old-crop wheat in the principal exporting countries at the 1st of August were materially larger than a year ago. Around 7,000,000 bushels more United States wheat was carried over into the new-crop year, July 1, than last season and about 25,000,000 bushels more than two years ago. Wheat accounted for on farms, in mills, in country elevators, and in terminal market stocks, not including stocks afloat on the Lakes, totaled about 117,242,000 bushels, compared with 110,141,000 bushels reported in these positions last year. The increase in carry-over is more than accounted for in the larger stocks of red spring wheat held at Duluth and Minneapolis. Market stocks of durum and winter wheat were apparently no larger than last season, with stocks of soft red winter wheat practically exhausted.

#### RECORD WHEAT STOCKS IN CANADA

Wheat stocks in Canada at the 1st of August were the largest on record and were officially estimated at 76,484,000 bushels by the Dominion Bureau of Statistics. This is about 26,000,000 bushels over last season's carry-over, which was a record up to that time. Smaller stocks of wheat in the Southern Hemisphere partially offset the larger carry-over in North America. Based upon the official estimate of the 1928 crop and carry-over, trade reports of exports to date, and allowing for average domestic requirements, there were available for export to Argentina at the 1st of August about 13,500,000 bushels less wheat than a year ago. Practically the same amount of wheat as was accounted for in exports during the remainder of last season remained for export and carry-over in Australia at the 1st of August. No statistics are available relative to stocks of wheat remaining in Europe, but trade reports indicate that native wheats have been mostly marketed, as is usual toward the close of the season, and stocks are low. No further shipments appear probable from India, and small supplies of old wheat are indicated in Russia. No exports have been reported from that country since January 1.

#### PROSPECTIVE WHEAT SUPPLY ABOVE LAST SEASON

A wheat crop in the Northern Hemisphere materially larger than last season and of better quality was in prospect at the 1st of August. Very favorable weather during July practically assured a winter-wheat crop in the United States about 25,000,000 bushels larger than last season and the largest durum crop since 1922. A crop of spring wheat, other than durum, almost as large as last season was also in prospect. A total United States production of about 891,000,000 bushels was indicated by the August 1 official estimate. Based upon

this estimate the soft winter-wheat crop will total approximately 139,000,000 bushels, compared with about 181,000,000 bushels last season, while the hard winter-wheat crop will total about 386,000,000 bushels, compared with 318,000,000 bushels last year. The crop of white wheat will be around 82,000,000 bushels, compared with 94,000,000 bushels last season. The durum crop in the four principal producing States was estimated at 84,343,000 bushels, compared with 76,155,000 bushels in 1927. A crop of 228,350,000 bushels of spring wheat other than durum was in prospect at the 1st of August, or about 15,000,000 bushels less than last season.

No official estimate is yet available for this season's Canadian spring-wheat crop. Spring-wheat acreage was increased about 1,500,000 acres over the area harvested last year and totals 23,181,000 acres, according to the August 1 estimate. The condition of spring wheat was officially reported at the 1st of August at 107 per cent of the 10-year average yield, compared with 105 per cent August 1 last year, when the final harvest outturn was estimated at 19.3 bushels per acre. If a yield equal to that of last year is secured, this year's spring-wheat acreage would produce a crop of around 447,000,000 bushels. This, with the winter-wheat crop, which was estimated August 1 at 21,445,000 bushels, would make a total production of nearly 470,000,000 bushels, compared with about 465,000,000 bushels now accounted for from the 1927 crop. Wheat harvesting had begun in the prairie Provinces by August 10 and was expected to be general in Manitoba about August 18-20 and in Alberta and Saskatchewan August 23-26.

No production estimates for several European wheat-producing countries are yet available, but reports from 15 countries which last season produced about 90 per cent of the European wheat crop indicated an outturn of 1,113,000,000 bushels, compared with 1,109,000,000 bushels produced in these countries last season.

#### DOMESTIC DEMAND IMPORTANT MARKET FACTOR

Domestic mills again furnished by far the most important outlet for the 1927 American wheat crop, and the best quality of the crop was taken by the domestic mills at considerable premiums over the ordinary grades. Mill grindings during the past year totaled 561,000,000 bushels, which is slightly above the corresponding figure for last season and is the largest reported mill grindings during the past five years. From these mill grindings flour exports totaled nearly 61,000,000 bushels, and a slight increase in flour stocks occurred, leaving flour to the equivalent of some 500,000,000 bushels of wheat available for domestic consumption. Exports of grain from the 1927 wheat crop totaled approximately 146,000,000 bushels, which would leave about 176,000,000 bushels for seed, feed, and other domestic purposes.

While the United States is the world's largest wheat producer, only a relatively small proportion of the crop finds its way into the world markets. About 22 per cent of the 1927 crop was exported. The United Kingdom is the most important foreign purchaser of American wheat. Italy and the Netherlands are in turn the next largest purchasers, with China and Japan important markets for western-coast wheat. France takes considerable wheat, a large part of which is durum, and Belgium is also a fairly large importer.



## COMPETITION WITH AMERICAN WHEAT MORE ACTIVE

Taking this season's supply of wheat in the United States by classes, it appears that the exportable surplus will consist mainly of hard red winter, durum, and white wheat, with smaller quantities of hard red spring. Some soft red winter may be exported from the east-coast markets, but the supply of soft red winter wheat is below domestic requirements, and heavier eastward shipments of Pacific-coast white wheat may again be necessary to replenish the deficit in soft winter wheat for domestic use.

The hard red winter wheat meets competition mainly from Argentina, and prices for this wheat will be influenced by the supply available in that market. It is far too early to give any definite information on the outturn of that crop during the coming year, but trade reports indicate an increase in acreage and conditions for seeding and germination have been favorable. With smaller supplies of old wheat on hand in Argentina at the 1st of August less active competition during the remaining months of this year appears probable. A larger supply of native wheat in prospect in Europe, however, may somewhat restrict the demand for American winter wheat.

The large supplies of domestic durum wheat will likely meet increased competition in European markets. Good harvests have been secured in Italy and North Africa, which will provide a larger supply of durum wheat outside of the United States surplus for the requirements of the deficit countries during the current year. The total Italian wheat crop is nearly 40,000,000 bushels above the harvest of last season, while the combined production of Algeria and Tunis, the most important exporting countries of North Africa, showed an increase of somewhat more than 10,000,000 bushels this season. A good drop in North Africa tends to restrict demand for United States durum in the French markets, while a larger Italian crop will reduce the demand for American durum in that country. Production of durum wheat in Canada has increased rapidly during recent years, and this is becoming a factor in world trade.

White wheat from the Pacific coast may meet less active competition during the early months of the season as a result of the relatively low supplies in Australia, which is the most formidable competitor of this class of wheat in the world market. The effect of the lower supplies in Australia, however, may be offset by the better native crop in China, which is the principal outlet for the export surplus of the Pacific coast. The short crop of soft winter wheat may provide an outlet for considerable soft wheat again this season. High freight rates and competition from low-protein hard winter wheat, however, will tend to restrict the demand for Pacific-coast wheats in the central western markets.

With little likelihood of Russian wheat coming into the world market this season, the chief competitor of the United States hard red spring wheat will be the Canadian spring wheat, from which increased competition appears probable. The carry-over of spring wheat in North America is unusually large, and these large supplies will continue to be a weakening influence in the market during the early months of the season. The outlook for the Canadian crop is good, but it is too early in the season to be sure of the final outturn.

**SMALLER SUPPLY OF RYE IN PROSPECT**

The smaller supply of rye for the current season may offset to some extent the larger quantities of wheat available. Forecasts and estimates of rye production to date for the countries reporting, including the United States, total 557,000,000 bushels, compared with 649,000,000 bushels produced last year. Unfavorable weather during the harvesting period last season, however, lowered the quality of both the wheat and rye crops in Europe, so that a large percentage was unfit for milling purposes. The harvest this season is progressing under favorable conditions, according to trade reports, which may result in an effective supply of good-quality grain nearly as large as last season.

A poor crop of feed grains in Europe in 1927 provided a market for the low-grade native bread grains, also for a large percentage of the low-quality Canadian wheat. Prospects for European feed grains are reported more favorable this season.

(Grain, Hay, and Feed Market News Service, B. A. E.)

**POTATOES AND APPLES IN AUGUST**

There are several ways of looking at the potato situation. If total estimated production is considered alone, the market outlook is not encouraging, because of the forecast of a record-breaking crop of nearly 460,000,000 bushels. This would be 53,000,000 bushels more than last year. The situation brightens, however, if it is remembered that 10,000,000 bushels of the 1928 increase were in the early States, whose shipping season is finished. The 16 so-called deficient late-potato States, including several which are important sources of summer supply, have about 15,600,000 bushels of the excess over last year's total. The crop in some of these States (Ohio, for example) is largely consumed locally; it is not a big factor in the car-lot movement after August, although any State which has an abundance of potatoes for consumption within its borders will not need to draw so heavily on outside supplies.

**SMALL INCREASE IN NORTHERN STATES**

Only 27,000,000 bushels of the 1928 excess are in the 19 important late-shipping States, which means that they have but 10 per cent more potatoes than last season. Assuming that the crop will be closely graded and that more than the usual percentage of No. 2's and culls will be kept on the farms, in sections far from the market centers, some possibility begins to appear for a fairly satisfactory marketing of this year's No. 1 potatoes. Future weather conditions can still make a considerable change in production estimates. It would not be surprising if blight followed the excessively moist conditions in some leading sections, and early frosts are easily possible. But at present there is indication of a supply more than adequate for normal market requirements. The eastern crop in late-shipping States probably will not be excessive. North Central States appear to have 21,000,000 bushels more, or 20 per cent greater production than last year, but not nearly so many potatoes as in the big-crop year of 1922. The western crop may be slightly below last season's heavy total, though far above average.

Two problems, each rather serious, complicate the situation as it now stands: The delay in harvesting New Jersey's crop and the pro-



longing of the shipping season for Kansas, Missouri, and other mid-western sections is bound to cause some overlapping on the late or main-crop States. And then, the great surplus in the north central region is likely to offer more severe competition than usual for western potatoes. If there is any difference in market prospects for various parts of the country, probably western growers and shippers will be in the most difficult position, because the large supply of north central stock may shut them out of some mid-western and southern markets. It would seem that the only salvation for the West lies in a strict observance of shipping nothing but first-grade potatoes.

Shipments recently have been quite heavy, especially in New Jersey, Kansas, and Missouri. Mid-western Cobblers were averaging around 75 cents per 100 pounds on the Chicago car-lot market and about 50 cents in the Kaw Valley during late August. Eastern shipping points averaged scarcely 1 cent per pound, while wholesale prices in consuming centers were ranging from 1 to 1½ cents per pound. Slight fluctuations have occurred during the past few weeks, but the market seems to have hit a rather steady gait, which is not easily changed.

#### FEWER SWEET POTATOES THIS YEAR

Sweet potatoes probably will not be more than an average-sized crop, perhaps 13,000,000 bushels lighter, or 14 per cent less, than last season. Of the total estimated production of 81,000,000 bushels, the northeastern commercial area (from Virginia to New Jersey) expects 10,583,000, or slightly more than in 1927, while Southern and Middle Western States together expect only 71,000,000 bushels, compared with nearly 84,000,000 last year. This lighter southern production should improve the market position and distribution of the types of sweet potatoes grown throughout the South, and the lighter total production may enhance market prospects for northeastern sweet potatoes.

#### HEAVY APPLE CROP IN NORTHWEST

Conditions in August pointed to a rather moderate apple crop in eastern and northern producing sections, but a heavy total in Western States and especially in the Pacific Northwest. The commercial apple crop last year was almost evenly divided between East and West and is likely to be so again this season, though the usual rule is for Eastern States to exceed western production by about one-third. Prospects are for 16,965,000 barrels of market apples in the East and the equivalent of 16,312,000 barrels in western territory. Compared with last year, this would be an increase of 3,900,000 for Eastern States and a gain of 3,500,000 in the West. Some important winter varieties, particularly the Baldwin and Spy, may be a relatively light crop in New York and Michigan, but somewhat heavier than the 1927 total in New England.

Washington expects a commercial crop of nearly 10,000,000 barrels, or 29,949,000 boxes, which would be fully a million bushels more than the high record of 1923 and 7,600,000 boxes more than last season. Oregon and Montana also anticipate considerable increases over last year, but Idaho will likely fall short of its huge 1927 crop by one-fourth. Opening contracts in the Pacific Northwest for export fruit were netting less than \$1 per box at shipping points, and the general level promises to be considerably lower than that of last season. Eastern apples were jobbing at 40 cents to \$1.25 per bushel basket in late August.

## ONIONS AND CABBAGE IN LIGHTER SUPPLY

Encouragement was felt over the crop report, showing a reduction of 2,600,000 bushels in fall and winter onions, compared with last season. The total in 16 late States is forecast at 15,180,000 bushels, and this reduction should improve marketing conditions. Prices advanced generally during August. Colorado's estimated production shows a sharp gain over 1927, but California and Idaho probably will have even greater decreases. Indiana expects fewer onions than last year, but Michigan more. Sharp reductions are indicated for Massachusetts, New York, and Ohio. In fact, these three States together may have only 4,900,000 bushels, as against 7,045,000 in 1927.

Production of domestic-type cabbage in nine late States is forecast at 294,100 tons, or 8,000 less than the 1927 total. The New York crop is reduced very sharply to about 100,000 tons, because of lighter plantings and much lighter indicated yield per acre. Market prices were especially unsatisfactory in New York during the 1927-28 season. Wisconsin, on the other hand, shows a great increase and may have 73,500 tons this year; much of this is being grown for kraut. Ohio and Michigan each have indicated gains of 11,000 tons, or 50 per cent over last year. Acreage for kraut was generally increased this season. Last year about one-seventh of the total production of cabbage was used in the manufacture of sauer-kraut, which was sold for about \$3,500,000.

Plantings of Danish-type cabbage, for winter storage, were reduced 12 per cent from the 1927 record and may total only 31,660 acres. Wisconsin shows the greatest decrease in this kind of cabbage. That State may have only 6,750 acres, while New York reports 20,650 acres planted to long-keeping varieties. If production is reduced proportionately, markets the coming season should be better than those of last year.

PAUL FROELICH,  
*Division of Fruits and Vegetables, B. A. E.*

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THE CATTLE OUTLOOK

A continuation of the present favorable cattle situation during the next 12 months is indicated. Marketings this fall doubtless will be somewhat smaller than a year earlier, but the number coming to market during the first half of 1929 probably will about equal marketings during the first half of this year. The present active demand for beef and consequently for slaughter cattle is expected to continue. Demand for stocker and feeder cattle this fall is expected to exceed that of a year ago and to center largely on calves and light-weight cattle. No material change in the present general cattle price level is anticipated. Although seasonal declines probably will occur both this fall and next spring, they are expected to be less than normal. The summer of 1929 may bring an increased proportion of well-finished cattle, but heavy steers probably will sell at a premium.

## CATTLE-SUPPLY SITUATION

Inspected slaughter of cattle and calves during the first seven months of 1928 was 8 per cent less than in the corresponding months of 1927, and 12 per cent less than in 1926. Compared with a year ago, calf slaughter showed a decrease of 3 per cent, steers 13 per cent,



and cows and heifers 7 per cent. Steer slaughter was the smallest for the last six years. Slaughter of cows, heifers, and calves was the smallest since 1923.

With the exception of 1921, slaughter has exceeded production every year from 1918 to 1927, inclusive, with the result that on January 1, 1928, estimated cattle numbers in this country were the smallest since 1912, and were 22 per cent below the estimate for January 1, 1918, the peak year of cattle numbers both in the country and at markets. Slaughter of calves reached its peak in 1925, that of cows and heifers in the latter half of that year and the first half of 1926, and that of steers in 1926. Since then slaughter has been decreasing and now appears to have reached a point where it about equals production. The decrease in cattle numbers has been confined largely to cattle kept primarily for beef production. This is shown by the relatively small decrease in calf slaughter during the spring, when most of the market supply comes from dairy herds, and by the sharp reduction in the market movement of cattle from the Western States.

#### MARKET SUPPLIES DURING THE NEXT 12 MONTHS

Slaughter of cattle and calves during the fall of 1928 is expected to be smaller than in 1927, but the decrease probably will not be as large proportionately as the one which occurred during the first half of 1928. The number of cattle on feed in the Corn Belt on August 1 was estimated as 6 per cent less than a year ago, and marketings this fall from the 17 Western States are expected to show an equal decrease. Shipments from the range country are expected to include a larger proportion of calves and a smaller proportion of cows, heifers, and aged steers than in recent years.

Although in some sections range and pasture conditions are below last year, when they were unusually good, they are now far from unfavorable and recent rains promise still further improvement in this respect.

Conditions, as of August 1, indicated that corn production in the Corn Belt would be very large and that supplies of other feed grains would be large. With feed plentiful and cheaper than last year and with younger and lighter cattle and fewer hogs on feed, the tendency will be to feed cattle for a longer period than last winter and spring. This is likely to result in smaller supplies of short-fed cattle in the coming fall and winter than a year ago. Under such circumstances feeders should keep in mind the probability that the proportion of well-finished cattle next summer will be considerably larger than it was this year.

#### PRICE OUTLOOK

The general cattle-price outlook during the next year indicates maintenance of approximately present levels rather than a continuance of the upward trend which has characterized the market since 1921. During the remainder of 1928 both slaughter and feeder cattle prices doubtless will average considerably higher than last year, and during the spring and summer of 1929 they are expected to about equal those prevailing during the corresponding period in 1928. Although customary seasonal declines in both feeder and slaughter prices will occur, they are expected to be smaller than usual. Cattle feeders should bear in mind that with prospective 1929 beef and slaughter cattle prices no higher than in 1928 feeding margins will depend chiefly on prices paid for feeder cattle.

With marketings from range areas slightly less than in the fall of 1927 and feeder demand greater it seems probable that slaughterers will experience greater competition for supplies than for several years past. This may be expected to exert a strong sustaining influence on prices of slaughter cattle. With high slaughter cattle prices, an abundance of corn, a year of profitable feed-lot operations just ended, and lighter runs of cattle at markets, prospects favor a continuance of the present active demand for feeder cattle. It seems certain, therefore, that any material break in prices during the next 12 months must come from an unexpected lowering of the general commodity price level or a marked lowering of industrial activity rather than from any weakness in the cattle situation itself.

#### PRODUCTION OUTLOOK

Cattle producers contemplating expanding their operations should keep in mind that while the outlook during the next few years is favorable the industry has a definite cycle which in the past has approximated 14 to 16 years in length and which has always shown a high degree of inverse relationship between prices and slaughterings. The industry is now near the low point of a production cycle and the high point of the price cycle. Previous similar points occurred about 1912 and 1898. Present prices are now as high or higher relatively than the peak prices of 1914 or the war-time prices of 1918.

In previous cycles there appears to have been a lag of two or three years between cattle production as indicated by estimated numbers on farms and ranges and beef production as indicated by slaughterings. For example, estimated numbers were lowest at the beginning of 1912, and slaughterings and beef production reached their lowest level in 1914 or 1915, at which time cattle prices reached their peak. This lag is the result of producers' actions in holding back cattle for restocking. During periods of cattle scarcity range cattle sell relatively higher than fat cattle, and in periods of high production they sell relatively lower.

(From report of this bureau issued August 27, 1928.)

#### THE SHEEP AND WOOL OUTLOOK

Increased marketing and slaughter of lambs are indicated for the next 12 months. An increase in the consumptive demand for lamb is expected.

While world wool production in 1928-29 may show some increase over 1927-28 the supply available for consumption is expected to be little larger than that available in the 1926-27 season. The world demand for wool is expected to continue good.

Sheep production in the United States has been rapidly expanding and suggests the need for considerable caution in regard to further expansion.

#### LAMBS

##### SUPPLY SITUATION

The lamb crop of 1928, as indicated by the lamb-crop report of the United States Department of Agriculture, was about 8 per cent larger than that of 1927. This increase is equivalent to about 1,800,000 head of lambs. Practically all of the increase was in the western lamb States. In the native lamb States the decrease in the number of lambs saved per 100 ewes just about offset the 5½ per cent increase in the number of breeding ewes on farms. The increase



in western lambs was due both to an increased number of breeding ewes and an increased number of lambs saved per 100 ewes. The largest increases in western lambs were in the early-lambing areas of these States and in the late-lambing States, where severe storms in April and May, 1927, resulted in a heavy loss of lambs last year.

The increase in early lambs from the Western States has been reflected in the market movement from those States from April to July. The increase in the late-lambing States will be reflected in the shipments from the middle of August to the end of November.

The supply of native lambs which go largely for slaughter during the three months August to October will probably be a little larger than last year, since the marketings to date have been somewhat delayed, because of poorer pasture conditions. The reported increase in the number of western lambs in areas that usually market after August 1 is about 1,400,000 head, of which some 700,000 are wether lambs. Shipments from these areas, either to market or direct to feed lots, will be increased at least by this number of wether lambs. The keen demand for ewe lambs, as shown by the high reported prices current in the West, indicates that few ewe lambs of desirable type for range breeding flocks will be shipped for slaughter this fall. Shipments of old ewes from the Western States may be larger this year than last if the local demand for breeding stock for small ranch flocks is less than last year. An increase of around 800,000 head of sheep and lambs, both native and western, in shipments either to markets or direct to feed lots from August to November seems likely.

This increase of about 800,000 head will be reflected in Federally inspected slaughter of sheep and lambs during the nine months August, 1928, to April, 1929. How this increase will be distributed during this period depends upon the proportions of the western supply that go to immediate slaughter or to feed lots.

#### PRICE REVIEW

During the first half of 1928 the top price of choice, light, and handyweight slaughter lambs at Chicago averaged \$16.43 per 100 pounds as compared with \$15.37 for the same period in 1927, whereas comparable carcass prices averaged \$28.69 at New York this year as compared with \$29.01 last year. The relatively high prices of live lambs this year as compared with carcass prices may be largely attributed to the increased wool and pelt values. Wool prices in this country for first half of 1928 average approximately 14 per cent higher than during the same period last year.

While carcass prices during the past six months have been slightly lower than during this period in 1927, the present relationship between price and the quantity of lamb moving into consumption indicates that the higher general price level of all commodities may be a contributing factor in supporting the present level of prices of dressed lamb.

#### WOOL

The world demand for wool in 1929 seems likely to continue as good or better than in 1928. Increased business activity, general growth of population, a continuation of the economic recovery of European countries, and increasing industrialization of the Orient will tend to strengthen the demand for wool. Increasing competition from other textiles, on the other hand, will tend to offset to some extent the effect of these factors. In the case of wool as in the case of lamb and

mutton, the increase in demand seems likely to be met with an increase in supplies of raw material.

The world's wool clip, outside of Russia and China, in 1928 seems likely to be somewhat larger than that of 1927 but not much larger than the clip of 1926. The world clip of 1926 was consumed without any increase in stocks but at slightly lower prices than the 1927 clip. The 1927 world clip, as reported to date, was about 4 per cent less than that of 1926. The reduction in the clip of 1927 was due to drought in Australia. Conditions there are more favorable for the 1928 clip. A report from a United States consul in Australia indicates that the 1928 production is likely to be equal to that of 1926. Conditions are also reported to be somewhat more favorable than last year in Argentina, Uruguay, and South Africa. Continued increases in the number of sheep in the United States, Canada, and in the United Kingdom are contributing to an increase in wool production, but increases in these three countries are being offset to some extent by decreases in France, Germany, and elsewhere, so there is not likely to be any material increase in 1928 over the 1927 production outside of Australia.

According to the latest reports, stocks of wool in the important surplus producing countries are but slightly larger than at the corresponding date last year. While the world's supply of wool during the next 12 months therefore seems likely to be somewhat larger than last year, the total supply will probably be little larger than the supply available for the 1926-27 season.

#### PRODUCTION OUTLOOK

The outlook for the sheep industry in this country during the next few years indicates the need for considerable caution in regard to further expansion in production. The last low point in sheep numbers was reached in 1922. Since then there has been considerable expansion in flock numbers and this expansion appears to be continuing. Flock numbers at the beginning of 1928 were the largest in 16 years and 23 per cent larger than in 1922, with more than half of this increase taking place during the last two years. The industry is definitely on the upward swing of the production cycle, and numbers have increased at a progressive rate, averaging for the last six years about 1,500,000 head per year, while slaughter in the last five years has increased on an average only about 400,000 per year. The increase in slaughter has been largely offset by the upward trend in the consumer demand for lamb, with the result that lamb prices, barring seasonal variations and short periods of excessive market supplies, have been comparatively steady for several years; hence the domestic market can absorb some increase in lamb production each year at least in line with the normal increase in population.

Slaughter during the past few years has been restricted or held down due to the tendency to expand flock numbers, and when this tendency ceases it is to be expected that the equivalent of the yearly increase in flock numbers during the past few years will go to increase supplies of sheep and lambs for slaughter, in which event it is hardly likely that the market can absorb the additional supply without a reduction in price. The extent to which breeding flocks are increased above present numbers will be an important factor in the sheep situation during the next few years.

(From report of this bureau, issued August 6, 1928.)